

**United Food and Commercial Workers Unions
and Participating Employers
Health and Welfare Fund**

911 RIDGEBROOK ROAD
SPARKS, MARYLAND 21152-9451
TELEPHONE: (410) 683-6500
(800) 638-2972

4301 GARDEN CITY DRIVE, SUITE 201
LANDOVER, MARYLAND 20785-6102
TELEPHONE: (301) 459-3020
(800) 638-2972

**MINUTES OF THE MEETING OF THE
BOARD OF TRUSTEES OF THE
UFCW UNIONS AND PARTICIPATING EMPLOYERS
HEALTH AND WELFARE FUND
SEPTEMBER 27, 2016
LINTHICUM, MARYLAND**

The following Trustees were present:

UNION TRUSTEES

M. Federici – Chairman
M. Eubank
M. Harris
G. Murphy

EMPLOYER TRUSTEES

S. Loeffler – Secretary
J. Born
D. Gwin
A. Bilgrami

Also present were:

M. Anwar – Local 400
M. Bramstaedt – The Segal Company
H. Burton – Morgan, Lewis & Bockius, LLP
D. Clutts – Associated Administrators, LLC
J. Chorpennig – Local 27
T. Hipkins – Local 27
J. Harrison – Local 27
C. Hoffman – Local 400
J. Ianniello – Associated Administrators, LLC
W. Jensen – Associated Administrators, LLC
S. Sanchez – Slevin & Hart, P.C.
W. Seehafer – SuperValu, Inc.
B. Slevin – Slevin & Hart, P.C.
J. Timm – The Segal Company
L. Walsh – Associated Administrators, LLC

I. CALL TO ORDER

A quorum being present, Mr. Federici called the meeting to order.

Trustee Changes

Mr. Jensen reported that he had received correspondence from The Kroger Company dated September 15, 2016 removing Ms. Erin Haithcock as a Trustee and replacing her with Mr. Athar Bilgrami effective immediately. Mr. Bilgrami accepted his appointment. The Trustees welcomed Mr. Bilgrami to the Board. Mr. Jensen further reported that he had received correspondence from UFCW Local 27 dated September 19, 2016 replacing Tom Hipkins with George Murphy, Jr. as a Trustee.

II. MINUTES

The Trustees reviewed the minutes of the regular meeting held on April 26, 2016, special meeting held on June 6, 2016, and the appeal meeting held on June 27, 2016, which were pre-circulated.

On Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

RESOLVED that the minutes of the regular meeting held on April 26, 2016, the special meeting held on June 6, 2016, and the appeal meeting held on June 27, 2016, were approved, as presented.

III. FINANCIAL REPORT

PNC Bank

The PNC Summary of Activity report for the period January 1, 2016 to August 31, 2016 was pre-circulated. Such report indicated a beginning market value of \$5,521,503, receipts of \$26,558,955, disbursements of \$28,560,893, and earnings of \$151,455, producing an ending market value of \$3,671,021 as of August 31, 2016.

IV. CONSULTANT'S REPORT

The Trustees welcomed Mr. Mitch Bramstaedt and Mr. Josh Timm of The Segal Company ("Segal") to the meeting.

A. Dental Request for Proposal ("RFP")

Mr. Timm reviewed the results of a dental plan RFP, reporting on financial information, plan benefit differentials, and network depths for Group Dental Service, CareFirst, and Dominion Dental. The Trustees asked for updated pricing from Dominion Dental. After discussion, the Trustees instructed Segal to submit a revised report to a subcommittee made up of Steve Loeffler, Donna Gwin, Mark Federici, and George Murphy.

B. Dependent Audit Request for Proposal (“RFP”)

Mr. Timm reviewed the Dependent Eligibility Verification Audit Services RFP prepared by Segal. Mr. Timm reviewed bids from AonHewitt, BMI Audit, ConSova, HMS, and Secova. After discussion, and

On Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

RESOLVED to hire Secova for Dependent Eligibility Verification Audit Services for Non-Kroger Plans, subject to execution of an acceptable agreement. Further, resolved to authorize subcommittee of Trustees Donna Gwin, Jon Born, Mark Federici, and George Murphy to decide the audit parameters as needed.

C. Kroger Roanoke Pass-Through Operational Expense

The Trustees discussed the Kroger related operational expense allocations. The Trustees scheduled a meeting to be held at Associated Administrators’ Sparks, Maryland office on October 6, 2016 with Trustees Loeffler and Gwin, The Segal Company, and Associated Administrators to be in attendance to review the operational expenses.

D. Kroger Prescription Plan (“KPP”) Formulary 2017

Mr. Bramstaedt reported that starting January 1, 2017, KPP will use MedImpact for Pharmacy Benefits Management services, replacing Optum Rx. Mr. Bramstaedt reported that this will result in an automatic formulary change and also may present the opportunity for the Fund to implement other optional formulary changes. The Trustees requested more information from Segal regarding the impact of these changes on participants.

E. Maintenance of Benefit Rates (“MOB”) Rate Target

Mr. Bramstaedt distributed and reviewed a report on reserve level as of August 31, 2016. After discussion, the Trustees appointed a subcommittee of Donna Gwin, Jon Born, Mark Federici, and George Murphy to act on MOB rates between meetings, once the Kroger operational expense allocation is finalized.

F. Third Party Administration (“TPA”) RFP

The matter of a request for proposal for TPA services was referred to a subcommittee of Donna Gwin, Jon Born, Mark Federici, and George Murphy.

G. Richmond Tidewater Plan Anthem ASO Fee Renewal

Mr. Bramstaedt reviewed renewal pricing for the Richmond Tidewater Plan from Anthem ASO for the period January 1, 2017 through December 31, 2021. After discussion, and

On Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

RESOLVED to approve the Anthem BlueCross BlueShield Richmond Tidewater ASO rates as presented.

V. ATTORNEY'S REPORT

A. Roanoke Retiree

Mr. Slevin reported on the retiree benefits applicable to former Kroger employees in the Roanoke area and that the Kroger Roanoke/UFCW Local 400 Memorandum of Agreement ("MOA") regarding the same.

B. Non-Discrimination Regulation

Mr. Slevin reported on the non-discrimination requirements under Section 1557 of the ACA, and allowed regulations. After discussion and

On Motion made and seconded, the Trustees voted unanimous approval of the following resolution.

RESOLVED to delegate the Chairman and Secretary the authority to take any necessary compliance actions relating to the ACA's non-discrimination rule.

C. Express Scripts Audit

Mr. Slevin stated that the Express Scripts audit was still in progress.

D. Perkins

Mr. Slevin reported on the status of the Perkins delinquency.

E. Health Management Systems (“HMS”) Eligibility Data

Mr. Slevin reported on the status of the Health Management Systems data sharing.

F. Mental Health Parity

Mr. Slevin reported on guidance relating to the Mental Health Parity Act.

VI. ADMINISTRATIVE MANAGER’S REPORT

A. First Quarter 2016 Report

Mr. Jensen presented the Administrative Manager’s report for the first quarter 2016, which had been pre-circulated. Such report indicated total income of \$11,226,605 and total expenses of \$12,102,215, producing a deficit of \$875,610. Mr. Jensen noted that contributions were made on behalf of 5,930 Plan participants.

B. Second Quarter 2016 Report

Mr. Jensen presented the Administrative Manager’s report for the second quarter 2016, which had been pre-circulated. Such report indicated total income of \$12,070,932 and total expenses of \$13,372,835, producing a deficit of \$1,301,903. Mr. Jensen noted that contributions were made on behalf of 5,839 Plan participants.

VII. INVOICES

The Trustees reviewed the list of invoices dated September 27, 2016. It was noted there were no additions, deletions or changes to the list of invoices.

On Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

**RESOLVED that the invoices shown dated September 27, 2016
are approved for payment.**

VIII. OTHER FUND BUSINESS

A. Retiree Deficit Invoice

Mr. Jensen stated that the Fund invoiced Kroger for the Kroger Roanoke Retiree reserve.

B. CareFirst Preferred Provider Organization (“PPO”) Proposed Renewal

Mr. Jensen reported on the proposed CareFirst PPO Fee increase. The Trustees tabled the issue until a future meeting.

C. Kroger Roanoke Memorandum of Agreement (“MOA”)

Mr. Jensen presented the Kroger Roanoke/UFCW Local 400 MOA. After discussion, it was noted that participants working 32 hours per week in 2015-2016 will be eligible for dependent spouse coverage through December 31, 2017. Effective January 1, 2018 and for the balance of the Agreement, 38 hours per week would be required to allow dependent spouse coverage. After discussion, and

On Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

RESOLVED to adopt the Kroger/UFCW Local 400 Roanoke MOA eligibility and deduction changes effective January 1, 2017, except that participants working 32 hours per week or more will be eligible for dependent spouse coverage through December 31, 2017. It was further RESOLVED to require 38 work hours per week starting January 1, 2018 in order to be eligible for dependent spouse coverage under the Plan.

D. Beacon Health Contract Renewal

Mr. Jensen presented the 2017 Beacon Health Options contract renewal. He noted there was no increase in the rate from the prior year.

On Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

RESOLVED to approve the Beacon Health Options renewal as presented effective January 1, 2017.

E. Kaiser Medicare Plan Proposed Renewal

Mr. Jensen presented the 2017 Kaiser Permanente proposed Medicare Plan renewal premium rates. After discussion, and

On Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

RESOLVED to approve the Kaiser Permanente Medicare Plan renewal as presented effective January 1, 2017.

F. MOB Reserve Estimate

The Trustees requested Segal to work with Associated Administrators to provide monthly reporting on the Fund reserves.

IX. NEXT MEETING DATE AND LOCATION

After discussion, the Trustees selected the following meeting date and location: December 15, 2016 National Harbor, Maryland.

X. ADJOURNMENT

There being no further business to come before the Trustees, the meeting was adjourned.

Respectfully Submitted,

Steve Loeffler – Secretary